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SUBJECT: CEEC PRESENTS RECOMMENDATIONS ON KIMBERLEY PROCESS

Classified By: EconOff W. Brafman for reasons 1.4 b/d.

1. (U) Summary. July 8, the Centre d'Evaluation, d'Expertise et de Certification (CEEC), the DRC's mining regulatory body, met with various embassies in Kinshasa to present recommendations on Kimberley Process implementation. Victor Kasongo, the CEO of CEEC, outlined the difficulties of implementation in the DRC and in the region. Subsequently, CEEC management and technical advisors presented their recommendations for the DRC, derived from a Kimberley process review visit conducted October 2004. The paramount recommendation was a feasibility study to measure the costs of implementation recommendations. The GDRC demonstrates some willingness to comply with the Kimberley Process, but it has made little progress in implementation at crucial mining stages. End summary.

2. (U) Kasongo presented an overview of artisanal mining, citing smuggling, unauthorized mining, environmental problems, insufficient regulatory framework, and weak financial institutions as barriers to Kimberley implementation in the DRC. He said other significant obstacles are limited geological data and poor technical, management and marketing skills.

3. (U) To improve Kimberley implementation, Kasongo suggested strong border control and better communication with remote diamond areas in the DRC. He also recommended establishing a regional database to share customs information and establish formal communication among Central and Southern African diamond producers. Restructuring the alluvial diamond industry, through land registration and improved licensing, infrastructure building, and the establishment of a Diamond Marketing Board would also improve Kimberley implementation. He emphasized the necessity of creating a transparent industry in which bankers and investors are willing to invest. Finally, Kasongo called on the international community to report its diamond imports to confirm DRC's export figures.

4. (U) The CEEC management and technical team also presented its recommendations for DRC's diamond industry. In response to a request from the EU, the team ranked the need for a feasibility study to measure the costs of all implementation recommendations as paramount. However, the EU requested a more detailed implementation proposal, including a budget, before it can fund CEEC's efforts. The team also recommended that the GDRC increase communication between the Minister of Mines and CEEC, improve identification and licensing, open 8 provincial Service d'Assistance et d'Encadrement du Small Scale Mining (SAESSCAM) offices, certify documents of origin, and enhance government capacity. Three regulatory bodies, the Administrator of Mines, SAESSCAM and the CEEC, monitor diamond mining and trading.

5. (C) The CEEC is showing some willingness to comply with the Kimberley Process, though it is unclear whether or not real progress has occurred at crucial stages in the mining process. The fact that artisanal mining in isolated areas dominates the DRC diamond industry makes regulation difficult, particularly given the DRC's infrastructure problems. It is often difficult for regulators to access the mines because adequate roads and security are lacking. For example, in Kisangani it remains easy to purchase diamonds illegally. A MONUC contact told Econoff that one could purchase a liter water bottle full of diamonds from a digger for USD 100. Problems with unauthorized mining persist as well. One American mining concession near Tshikapa has been forcibly taken over by an unauthorized company and FARDC forces reportedly guard it.

6. (C) Comment: Because the DRC's diamond reserves are so significant, government regulatory officials operate under the belief that the DRC is unlikely to be expelled from the Kimberley Process. As a result, the DRC has implemented few recommended measures since the October 2004 Kimberley Process review, particularly in the phases from digging through sale to the comptoirs. The international community must continue to apply pressure to reform the DRC diamond sector. End Comment.

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